

- ◆ Control Room
- ◆ Building Heating and Ventilation System
- ◆ Training Rooms
- ◆ Locker Rooms, Showers, Toilets, Lunch Rooms, Kitchen
- ◆ Elevators

Fire Protection/Prevention System

- Hydrant and Hose Stations
- Fire Detection System
- Pump Houses
- Co₂ and Chemical Systems

Communication

- Plant Monitoring System
- Equipment installed at the plant for purposes of radio communications (excluding portable communications equipment)
- Telephone switches, voicemails, twisted pair wiring, punch blocks, cross connects and telephone instruments
- Any copper communication cables and associated terminating equipment located on Facility Site that is not owned by Central Hudson
- All fiber optic cables, including the cable that connects the Danskammer and Roseton plants, and the associated terminating equipment. This equipment includes fiber optic cables, fiber optic terminal equipment, and associated multiplexing equipment, racks, and patch panels

Transmission and Start-Up Transformers

- 2 Start-up Transformers
- 2 Station Service/Start-Up Power Breakers and Associated Switches

Miscellaneous

- Perimeter Lighting
- Plant Auxiliary Steam System
- Makeup Water Demineralizer
- Chemical Storage System (Hydrogen, CO₂ Nitrogen, Lubricants)
- Cathodic Protection Systems
- Area Lighting (Powerhouse, Dock, Fuel Terminal, Parking Areas)
- System Isolation Valves in Shared Systems (Gas, Auxiliary Steam, Condensate, Service Water)

EXHIBIT C
to
Facility Lease

FACILITY ASSETS RETAINED BY DYNEGY DANSKAMMER, L.L.C.

Generating Station/General

- Units 1 and 2, including:
 - ◆ 115 KV Synchronizing Breakers and Associated Disconnect Switches for Units 1 and 2
 - ◆ C.E. Boilers for Units 1 and 2 and Related Auxiliary Equipment
 - ◆ General Electric Turbines for Units 1 and 2, Serial Numbers 87499 (Unit 1) and 93398 (Unit 2) and Related Auxiliary Equipment
 - ◆ General Electric Generators for Units 1 and 2, Serial Numbers 6792090 (Units 1) and 6862980 (Unit 2) and Related Auxiliary Equipment
 - ◆ General Electric Main Transformers, 84,000 KVA for each of Units 1 and 2
 - ◆ DEC Vax, Data Acquisition System for Units 1 and 2
 - ◆ Bailey Pneumatic, Boiler Control Systems for Units 1 and 2
 - ◆ General Electric MHC, Turbine Control Systems for Units 1 and 2
 - ◆ General Electric Station Service Transformers, 7500 KVA for each of Units 1 and 2
- Units 5 and 6 (Emergency Diesel Generators)
- Diesel Generator Control Enclosure
- Capital Spare Parts, including:

Unit 4 Capital Spare Parts

	Quantity
◆ Transformer, MSU for Unit 4 (Emergency Spare)	1
◆ Transformer, Aux for Unit 4 (Emergency Spare)	1
◆ Bushings, Low Voltage for Unit 4 MSU Transformer	3
◆ Impeller, Oil Pump for Unit 4 Main Turbine	1
◆ Shaft Extension, Oil Pump for Unit 4 Main Turbine	1
◆ Shaft, Idler, Oil Pump for Unit 4 Main Turbine	1
◆ Motor for Unit 4 Condensate Pump	1
◆ Rotating Assembly for Unit 4 Condensate Pump	1
◆ Pump Assembly for Unit 4 Boiler Circulating Pump	1
◆ Impeller for Unit 4 Boiler Circulating Pump	1
◆ Pump Assembly for Unit 4 Boiler Feed Pump	1
◆ Propeller for Unit 4 River Circulating Pump	1
◆ Casing, Inlet for Unit 4 River Circulating Pump	1
◆ Screen for Unit 4 Traveling Water	1
◆ Motor, 2500 for Unit 4 Induced Draft Fan	1

Unit 3 Capital Spare Parts

	Quantity
◆ Transformer, Aux for Unit 3 (Emergency Spare)	1
◆ Diaphragm, 2nd Stage for Unit 3 Main Turbine	1
◆ Valve, Pilot, Pre-Emergency for Unit 3 Main Turbine	1
◆ Pump Assembly for Unit 3 Boiler Feed Pump	1
◆ Motor for Unit 3 Boiler Feed Pump	1
◆ Motor, 2500 HP, for Unit 3 Boiler Feed Pump	1
◆ Impeller, River Circulating Pumps for Unit 3	1
◆ Gear, Worm for Unit 3 Pulverizer	1
◆ Shaft, Worm for Unit 3 Pulverizer	1
◆ Impeller, River Circulating Pumps for Unit 3	1
◆ Motor, 1200 HP, for Unit 3 Induced Draft Fan	1

Common Units 3 and 4 Capital Spare Parts

	Quantity
◆ Blower Assembly, Fly Ash Blower	1
◆ Motor, Fly Ash Blower	1
◆ Motor, 200 HP, Coal Conveyor	1
◆ Reducer Assembly, Stock Out Conveyor	1
◆ Rotor Assembly, Coal Crusher	1
◆ Clinker Grinder Assembly	1
◆ Pump, Wet End RO Unit	1
◆ Transformer/Rectifier/Linear Reactor 850 MR	1
◆ Transformer/Rectifier/Linear Reactor 650 MR	1

Units 1 and 2 Capital Spare Parts

	Quantity
◆ Disc Assembly, Full Arc for Unit 2 Main Turbine	1
◆ Buckets, 1st Stage for Unit 2 Main Turbine	1
◆ Diaphragm, 11th Stage for Units 1 and 2 Main Turbine	1
◆ Rotating Pump Assembly for Units 1 and 2 Boiler Feed Pump	1
◆ Motor for Units 1 and 2 Forced Draft Fan	2

Environmental

- SO2 and NOX Emissions Credits
- Electrostatic precipitators for Units 1 and 2
- Continuous Emission Monitors for Units 1 and 2

Fuel Supply

- Fuel Oil No. 2 Tank for Diesel Generator
- Fuel Oil No. 6 Day Tank
- Fuel Oil Pipeline from Underground Pump House
- Fuel Oil Underground Pump House

- Natural Gas Supply Main from Regulator Station to Facility for Units 1 and 2– all piping and equipment from the discharge of the shut-off valves to the generating station, including the relief valve

Communication

- All FCC licenses
- File and Print Server
- Lotus Notes Server
- Lotus Notes Backup Server
- General Physics Eta Pro (Performance Monitoring) Server
- NOx System Averaging Server
- Safety Tag Out System (Runs on the NOx Server)
- All Portable Communications Equipment

Other Equipment

- All Vehicles
- Locomotive
- Plan Computers/Network/Software-MIS systems
- Surveillance Cameras
- Snow Plowing Equipment
- Yard Maintenance Equipment
- Small tools

Miscellaneous

- Site Security Buildings
- Brown Training Building
- Green Training Building
- Warehouses, Receiving, Storage and Inventory Control Facilities
- Storerooms
- Maintenance Shop
- Security Fencing and Entry Gates
- Contractor Gate
- Maintenance Management System Data Base

Execution Copy

APPENDIX A

DEFINITIONS

DANSKAMMER UNITS 3 AND 4

APPENDIX A - DEFINITIONS

SECTION 23. GENERAL PROVISIONS

In this Appendix A and each Operative Document (as hereinafter defined), unless otherwise provided herein or therein:

- (a) the terms set forth in this Appendix A or in any such Operative Document shall have the meanings herein provided for and any term used in an Operative Document and not defined therein or in this Appendix A but in another Operative Document shall have the meaning herein or therein provided for in such other Operative Document;
- (b) any term defined in this Appendix A by reference to another document, instrument or agreement shall continue to have the meaning ascribed thereto whether or not such other document, instrument or agreement remains in effect;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing a gender include any gender;
- (e) a reference to a part, clause, section, paragraph, article, party, annex, appendix, exhibit, schedule or other attachment to or in respect of an Operative Document is a reference to a part, clause, section, paragraph, or article of, or a party, annex, appendix, exhibit, schedule or other attachment to, such Operative Document unless, in any such case, otherwise expressly provided in any such Operative Document;
- (f) a reference to any statute, regulation, rule, proclamation, ordinance or law includes all statutes, regulations, rules, proclamations, ordinances or laws varying, consolidating or replacing the same from time to time, and a reference to a statute includes all regulations, policies, protocols, codes, proclamations and ordinances issued or otherwise applicable under that statute unless, in any such case, otherwise expressly provided in any such statute or in such Operative Document;
- (g) a definition of or reference to any document, instrument or agreement includes an amendment or supplement to, or restatement, replacement, modification or renovation of, any such document, instrument or agreement unless otherwise specified in such definition or in the context in which such reference is used;
- (h) a reference to a particular section, paragraph or other part of a particular statute shall be deemed to be a reference to any other section, paragraph or other part substituted therefor from time to time;
- (i) if a capitalized term describes, or shall be defined by reference to, a document, instrument or agreement that has not as of any particular date been executed and delivered and such document, instrument or agreement is attached as an exhibit to the Participation Agreement (as hereinafter defined), such reference shall be deemed to be to such form and, following such

execution and delivery and subject to clause (g) above, to the document, instrument or agreement as so executed and delivered;

(j) a reference to any Person (as hereinafter defined) includes such Person's successors and permitted assigns;

(k) any reference to "days" shall mean calendar days unless "Business Days" (as hereinafter defined) are expressly specified;

(l) if the date as of which any right, option or election is exercisable, or the date upon which any amount is due and payable, is stated to be on a date or day that is not a Business Day, such right, option or election may be exercised, and such amount shall be deemed due and payable, on the next succeeding Business Day with the same effect as if the same was exercised or made on such date or day (without, in the case of any such payment, the payment or accrual of any interest or other late payment or charge, provided such payment is made on such next succeeding Business Day);

(m) words such as "hereunder", "hereto", "hereof" and "herein" and other words of similar import shall, unless the context requires otherwise, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof;

(n) a reference to "including" shall mean including without limiting the generality of any description preceding such term, and for purposes hereof and of each Operative Document the rule of *ejusdem generis* shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned;

(o) all accounting terms not specifically defined herein or in any Operative Document shall be construed in accordance with GAAP;

(p) from and after termination of the Facility Lease with respect to one Unit pursuant to Section 10 or 14 thereof, any reference in the Operative Documents to the Facility shall be deemed to exclude the Unit as to which the Facility Lease was terminated;

(q) unless the context or the specific provision otherwise requires, whenever in the Operative Documents a provision requires that a Person have a particular rating, such provision shall be deemed to mean that the senior-long term unsecured debt of such Person shall have been rated the specified rating by both Rating Agencies;

(r) unless the context or the specific provision otherwise requires, whenever in the Operative Documents a provision requires that the rating of a Person be confirmed, such provisions shall be deemed to mean that both Rating Agencies shall have confirmed the rating of the senior-long term unsecured debt of such Person, a copy of which confirmation shall be delivered by the Company to the Owner Participant, the Owner Lessor and, so long as the Lien of the Lease Indenture shall not have been terminated or discharged, to the Lease Indenture Trustee and shall be without indication that such Person has been placed on credit watch, credit review, or any similar status with negative implications or which does not indicate the direction of the potential ratings change; and

(s) (i) in connection with the provisions in the Operative Documents related to the termination of the Facility Lease with respect to any Unit under circumstances where the Facility Lease is to continue as to the other Unit, any reference to the term Unit shall mean, when used with respect to the Unit as to which the Facility Lease is being terminated, such Unit excluding any assets that also comprise a part of the other Unit (it being understood that unless otherwise specifically stated on the Facility description applicable to the Bill of Sale, Deed and Facility Lease, an asset described on such exhibit relates to both Units, unless such asset is not necessary for the operation of the other Unit as mutually agreed to by the parties), and (ii) any reference to the term Unit in clauses (a), (b) and (c) of the definition of Event of Loss or in Section 10 of the Facility Lease in connection with such Event of Loss shall be deemed to be references to the Facility if the event giving rise to such Event of Loss constitutes an Event of Loss with respect to both Units (including the assets comprising a part of both Units).

SECTION 24. **DEFINED TERMS**

“Access” shall have the meaning specified in the Cross Easement Agreement.

“Actual Knowledge” shall mean, with respect to any Transaction Party, actual knowledge of, or receipt of written notice by, an officer (or other employee whose responsibilities include the administration of the Overall Transaction) of such Transaction Party (which in the case of the Company shall include any such officer of DHI); *provided*, that neither the Lessor Manager nor the Trust Company shall be deemed to have Actual Knowledge of any fact solely by virtue of an officer of the Trust Company having actual knowledge of such fact unless such officer is an officer in the Corporate Trust Administration Department of the Trust Company.

“Additional Certificates” shall mean any additional certificates issued by either Pass Through Trust in connection with the issuance of Additional Lessor Notes relating thereto.

“Additional Equity Investment” shall mean the amount, if any, provided by the Owner Participant (in its sole and absolute discretion) to finance all or a portion of the cost of any Modification financed pursuant to Section 11.1 of the Participation Agreement.

“Additional Facility” shall have the meaning specified in Section 4.3(a)(ii) of the Site Lease.

“Additional Insured Parties” shall have the meaning specified in Section 11.3 of the Facility Lease.

“Additional Interest” shall have the meaning specified in Section 3.4(b) of the Facility Lease.

“Additional Lessor Notes” shall have the meaning specified in Section 2.12 of the Lease Indenture.

“Additional Owner” shall have the meaning specified in Section 4.3(a) of the Site Lease.

“Additional Rental Amount” shall have the meaning specified in Section 3.4(b) of the Facility Lease.

"Advisor to the Lessee" shall mean Babcock & Brown LP acting as advisor to the Facility Lessee.

"Affiliate" of a particular Person shall mean any Person directly or indirectly controlling, controlled by or under common control with such particular Person. For purposes of this definition, "control" when used with respect to any particular Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing; *provided, however,* that under no circumstance shall the Trust Company be considered to be an Affiliate of any of the Owner Lessor, the Equity Investor, the Lessor Manager, or the Owner Participant, nor shall any of the Owner Lessor, Equity Investor, the Lessor Manager, or the Owner Participant be considered to be an Affiliate of the Trust Company.

"After-Tax Basis" shall mean, with respect to any payment to be actually or constructively received by any Person, the amount of such payment (the base payment) supplemented by a further payment (the additional payment) to that Person so that the sum of the base payment plus the additional payment shall, after deduction of the amount of all Federal, state and local income Taxes required to be paid by such Person in respect of the receipt or accrual of the base payment and the additional payment (taking into account any reduction in such income Taxes resulting from Tax benefits realized or to be realized by the recipient as a result of the payment or the event giving rise to the payment), be equal to the amount required to be received; *provided, however,* that the foregoing shall not require payment of the amount constructively received by any Person. Such calculations shall be made on the basis of the highest applicable Federal income tax statutory rate applicable to corporations for all relevant periods and the highest applicable statutory income tax rates applicable to corporations in the state and local taxing jurisdiction of the Facility for all relevant periods and shall take into account the deductibility of State and local income taxes for Federal income tax purposes.

"Alternative Rent" shall have the meaning specified in Section 3.4(b) of the Facility Lease.

"Alternative Rent Schedule " shall have the meaning specified in Section 3.4(b) of the Facility Lease.

"Alternative Termination Value Schedule" shall have the meaning specified in Section 3.4(b) of the Facility Lease.

"Allocated Rent" shall have the meaning specified in Section 3.2(b) of the Facility Lease.

"Amendment" shall have the meaning specified in Section 5(a) of the Tax Indemnity Agreement.

"Applicable Law" shall mean all applicable laws, including all Environmental Laws, and treaties, judgments, decrees, injunctions, writs and orders of any court, arbitration board or Governmental Entity and rules, regulations, orders, ordinances, licenses and permits of any Governmental Entity.

"Applicable Rate" shall mean the Prime Rate (as published in the Wall Street Journal from time to time) plus 1 % per annum.

"Appraisal Procedure" shall mean (except with respect to the Closing Appraisal and any appraisal undertaken to determine Fair Market Sales Value or Fair Market Rental Value after a Lease Event of Default shall have occurred and be continuing in connection with the exercise or remedies), an appraisal conducted by an appraiser or appraisers in accordance with the procedures set forth in this definition of "Appraisal Procedures." The Owner Participant and Facility Lessee will consult with the intent of selecting a mutually acceptable Independent Appraiser. If a mutually acceptable Independent Appraiser is selected, the Fair Market Rental Value or Fair Market Sales Value or remaining useful life or other determination to be made by such appraiser shall be determined by such Independent Appraiser. If the Owner Participant and the Facility Lessee are unable to agree upon a single Independent Appraiser within a 15-day period, one shall be appointed by the Owner Participant, and one shall be appointed by the Facility Lessee (or its designee), which Independent Appraisers shall attempt to agree upon the value, period, amount or other determination that is the subject of the appraisal. If either the Owner Participant or the Facility Lessee does not appoint its appraiser, the determination of the other appraiser shall be conclusive and binding on the Owner Participant and the Facility Lessee. If the appraisers appointed by the Owner Participant and the Facility Lessee are unable to agree upon the value, period, amount or other determination in question, such appraisers shall jointly appoint a third Independent Appraiser or, if such appraisers do not appoint a third Independent Appraiser, the Owner Participant and the Facility Lessee shall jointly appoint the third Independent Appraiser. In such case, the average of the determinations of the three appraisers shall be conclusive and binding on the Owner Participant and the Facility Lessee, unless the determination of one appraiser is disparate from the middle determination by more than twice the amount by which the third determination is disparate from the middle determination, in which case the determination of the most disparate appraiser shall be excluded, and the average of the remaining two determinations shall be conclusive and binding on the Owner Participant and the Facility Lessee. Any Fair Market Sales Value determination of spare parts or a Severable Modification shall take into consideration any Liens or encumbrances to which the spare parts or Severable Modification being appraised is subject and which are being assumed by the transferee and the actual condition of such spare parts or Severable Modifications.

"Appraiser" shall mean Deloitte & Touche LLP Valuation Group.

"APSA Assets" shall mean the assets, including the Project, acquired from the APSA Seller and certain other sellers pursuant to the Asset Purchase and Sale Agreement.

"APSA Seller" shall mean Central Hudson Gas & Electric Corporation, a New York corporation, one of the sellers under the Asset Purchase and Sale Agreements.

"Asset Purchase and Sale Agreements" shall mean a collective reference to (i) with respect to the Roseton Facility, that certain Asset Purchase and Sale Agreement, dated as of August 7, 2000, by and among Dynegy Power Corp., the APSA Seller and the other sellers referred to therein, and (ii) with respect to the Danskammer Facility, that certain Asset Purchase and Sale Agreement, dated as of August 7, 2000, by and between Dynegy Power Corp. and the APSA Seller.

"Assigned Documents" shall have the meaning specified in clause (2) of the Granting Clause of the Lease Indenture.

"Assignment and Assumption Agreement" shall mean an assignment and assumption agreement in form and substance substantially in the form of Exhibit G to the Participation Agreement.

"Assignment and Reassignment of Collective Bargaining Agreement" shall mean the Assignment and Reassignment of Collective Bargaining Agreement, dated as of the Closing Date, by and among DNE, the Owner Lessor, the Facility Lessee and the Other Facility Lessee, pursuant to which DNE assigns to the Owner Lessor all of DNE's rights and obligations under the Collective Bargaining Agreement, and the Owner Lessor simultaneously therewith reassigned to DNE and assigns to the Facility Lessee and the Other Facility Lessee all of the Owner Lessor's rights and obligations under the Collective Bargaining Agreement.

"Assignment and Reassignment of Facility Agreements" shall mean the Assignment and Reassignment of Facility Agreements, dated as of the Closing Date, between the Company and the Owner Lessor, substantially in the form of Exhibit F to the Participation Agreement duly completed, executed and delivered pursuant to which the Company assigns to the Owner Lessor and the Owner Lessor reassigned to the Company, certain rights under the Facility Agreements.

"Assumed Deductions" shall have the meaning specified in Section 1 of the Tax Indemnity Agreement.

"Assumed Tax Rate" shall have the meaning specified in Section 1(f) of the Tax Indemnity Agreement.

"Authorized Agent" shall have the meaning specified in the relevant Pass Through Trust Agreement.

"Bankruptcy Code" shall mean the United States Bankruptcy Code of 1978, 11 U.S.C. §101 *et seq.*

"Basic Lease Term" shall have the meaning specified in Section 3.1 of the Facility Lease.

"Basic Site Lease Term" shall have the meaning specified in Section 2.2 of the Site Lease.

"Basic Site Sublease Term" shall have the meaning specified in Section 2.2 of the Site Sublease.

"Bill of Sale" shall mean the Bill of Sale, dated as of the Closing Date, from the Company to the Owner Lessor, substantially in the form of Exhibit A to the Participation Agreement duly completed, executed and delivered on the Closing Date pursuant to which, together with the Deed, the Owner Lessor will acquire the Facility from the Company.

"Burdensome Termination Event" shall mean the occurrence of any event that gives a Facility Lessee the right to terminate the Facility Lease pursuant to Section 13.1 thereof.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which commercial banking institutions are authorized or required by law, regulation or executive order to be closed in New York, New York, the city and the state in which the Corporate Trust Office of the Lease Indenture Trustee or the Lessor Manager is located or the city and state in which the Corporate Trust Office of any Pass Through Trustee is located.

"Central Hudson" shall mean Central Hudson Gas & Electric Corporation.

"Certificate Purchase Agreement" shall mean the Certificate Purchase Agreement, dated the Effective Date, between the Company, the Other Company, the Lessee Guarantor, and the Initial Purchasers.

"Certificateholders" shall mean each of the holders of Certificates, and each of such holder's successors and permitted assigns.

"Certificates" shall mean one or more, as the context may require, of (i) the 7.27% Pass Through Certificates issued on the Closing Date and any certificates issued in replacement therefor pursuant to Section 3.3, 3.4 or 3.5 of Pass Through Trust Agreement ST and (ii) the 7.67% Pass Through Certificates issued on the Closing Date and any certificates issued in replacement therefor pursuant to Section 3.3, 3.4 or 3.5 of Pass Through Trust Agreement LT.

"Certificates Register" shall mean the "Register" specified in Section 3.4 of the relevant Pass Through Trust Agreement.

"Claim" shall mean any liability (including in respect of negligence (whether passive or active or other torts), strict or absolute liability in tort or otherwise, warranty, latent or other defects (regardless of whether or not discoverable), statutory liability, property damage, bodily injury or death), obligation, loss, settlement, damage, penalty, claim, action, suit, proceeding (whether civil or criminal), judgment, penalty, fine and other legal or administrative sanction, judicial or administrative proceeding, cost, expense or disbursement, including reasonable legal, investigation and expert fees, expenses and reasonable related charges, of whatsoever kind and nature.

"Closing" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Closing Appraisal" shall mean the appraisal, dated the Closing Date, prepared by the Appraiser and addressed to the Owner Participant with respect to the Owner Lessor's Interest, which Closing Appraisal shall:

(a) confirm the Purchase Price, which shall be equal to the fair market value of the Facility on the Closing Date;

(b) determine the economic useful life of the Facility, and confirm that the Facility is reasonably estimated on the Closing Date to have (i) a remaining economic useful life equal to at least 133.33% of the Basic Lease Term, and (ii) a fair market value at the end of the Basic Lease Term equal to at least 20% of its Purchase Price, without regard to inflation or deflation during the Basic Lease Term;

(c) confirm that it is reasonable to expect that upon expiration or termination of the Facility Lease, it will be commercially feasible for a party other than the Facility Lessee to operate the Facility;

(d) allocate the percentage of the Purchase Price eligible for each category of Depreciation Deduction;

(e) confirm that the Facility is an integrated facility; and

(f) address any other matters that the Owner Participant shall reasonably request.

"Closing Date" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986.

"Collective Bargaining Agreement" shall mean the Fossil Production Plant Agreement effective as of July 1, 1998 with Local Union 320 of the International Brotherhood of Electrical Workers A.F. of L.- C.I.O.

"Company" shall mean Dynegy Danskammer, L.L.C., a Delaware limited liability company.

"Competitor" shall have the meaning specified in Section 7.1(b) of the Participation Agreement.

"Component" shall mean any appliance, part, instrument, appurtenance, accessory, furnishing, equipment or other property of whatever nature that may from time to time be incorporated in the Facility, except to the extent constituting Modifications.

"Corporate Trust Office" shall have the meaning specified in the relevant Pass Through Trust Agreement.

"Cross Easement Agreement" shall mean the Cross Easement Agreement, dated as of the Closing Date, by and between the Company and the Other Company, substantially in the form of Exhibit O to the Participation Agreement duly completed, executed and delivered on the Closing Date pursuant to which such parties have granted certain rights relating to the use, operation and maintenance of the Facility, the Facility Site, the Retained Assets, the Retained Sites, the Other Facility, the Other Facility Site, the Other Retained Assets and the Other Retained Sites, as the case may be.

"Cross Easement Rights" shall mean the easements and rights granted to the Company as set forth in the Cross Easement Agreement.

"Danskammer Facility" shall have the meaning specified in the Cross Easement Agreement.

"Debt Portion of Periodic Lease Rent" shall mean in respect of any Rent Payment Date, the portion of Periodic Lease Rent payable on such Rent Payment Date equal to the scheduled principal and interest due and payable on the Lessor Notes on such Rent Payment Date.

"Debt Portion of Termination Value" in respect of any determination of Termination Value or amount determined by reference to Termination Value payable pursuant to the Operative Documents shall mean an amount equal to the outstanding principal of, and accrued interest on, the Lessor Notes on such date of determination (other than any amounts past due and any overdue interest thereon).

"Deduction Loss" shall have the meaning specified in Section 5(a) of the Tax Indemnity Agreement.

"Deed" shall mean the Bargain and Sale Deed, dated the Closing Date, substantially in the form of Exhibit B to the Participation Agreement, by the Company in favor of the Owner Lessor duly completed, executed and delivered on the Closing Date pursuant to which, together with the Bill of Sale, the Owner Lessor will acquire the Facility from the Company.

"Depreciation Deductions" shall have the meaning specified in Section 1(a) of the Tax Indemnity Agreement.

"DHI" shall mean Dynegy Holdings Inc., a Delaware corporation.

"Discount Rate" shall mean 8.20%.

"DNE" shall mean Dynegy Northeast Generation, Inc., a Delaware corporation.

"Dock Facilities" shall mean a collective reference to each of the structures constituting the "dock," "catwalks" and "moorings" located on Parcel 5 of the Other Retained Sites and Parcels 4 and 6 of the Other Facility Site to be used for the loading and/or unloading by ship, barge or similar craft of coal and/or fuel oil; for the avoidance of doubt, the Dock Facilities shall not include any equipment located on or near the Dock Facilities used in connection with such loading and/or unloading, such as the coal hopper and conveyor system, any crane and/or other related equipment.

"Dock Facility Site" shall mean that portion of the Other Retained Sites designated as Parcel 5.

"Dollars" or the sign "\$" shall mean United States dollars or other lawful currency of the United States.

"DTC" shall mean The Depository Trust Company, a New York corporation.

"Dynegy" shall mean Dynegy Inc., an Illinois corporation.

"Effective Date" shall mean May 1, 2001, the date the Participation Agreement shall have been executed and delivered by the parties thereto.

"Effective Rate" shall have the meaning specified in Section 5(a) of the Tax Indemnity Agreement.

"Enforcement Notice" shall have the meaning specified in Section 5.1 of the Lease Indenture.